UNITED NATIONS

ECONOMIC AND SOCIAL COUNCIL

E

Distr.: GENERAL

E/ECA/CM.18/CRP.2
14 February 1992

Original : ENGLISH

ECONOMIC COMMISSION FOR AFRICA

Thirteenth meeting of the Technical Preparatory Committee of the Whole

Addis Ababa, Ethiopia
10-16 April 1992

ECONOMIC COMMISSION FOR AFRICA

Twenty-seventh session of the Commission/ eighteenth meeting of the Conference of Ministers

Addis Ababa, Ethiopia
20-24 April 1992

MEASURES FOR STRENGTHENING COORDINATION AND HARMONIZATION OF ACTIVITIES AMONG EXISTING ECONOMIC GROUPINGS

INTRODUCTION

1. The coordination and harmonization of the activities of existing regional economic groupings for the gradual establishment of an African Common Market was called for by the Final Act of Lagos (FAL), an integral part of Lagos Plan of Action (LPA), as a first step towards the creation of the African Economic Community. Now, that a Treaty establishing the African Economic Community has been signed at Abuja, Nigeria in June 1990, it would appear that a major step has been taken, at last, towards the realization of the final objective envisaged in LPA which is to reverse Africa's economic decline through collective self-reliance as opposed to benign dependency that has contributed immensely to Africa's underdevelopment. The replacement of dependency with a self-sustaining development strategy requires a cooperative effort on the part of African nations. This cooperative action is in the form of economic cooperation and integration of economic and social activities. FAL mandated the establishment of subregional groupings to cover the four main subregions of Africa, which will be the focal points of economic integration activities. Such cooperation, it is envisaged, will propel development which will materialize through the gradual elimination of the differences which still exist among the subregions in terms of economic integration level and through the promotion of joint activities among these economic groupings.

A. Plotting a new path to economic integration

2. At Abuja, Nigeria, in June 1991, Africa responded to the challenges posed by the emerging world of trading blocs by the signing of the Treaty of Pan-African Economic Community (PAEC). It was in fulfilment of the LPA and the long-cherished goal of unifying the continents' fragmented, vulnerable and marginalized economies into a single, more powerful economic bloc capable of translating Africa's yearn for sustainable and self-reliant development into reality. With the challenges posed by the North American Free Trade Area, South- East Asia Free Trade Area and the Single European Market by 1992, the imperative for the Community's formation became irresistible.

3. For Africa, the Abuja Treaty poses a new challenge to the concept of regional integration and establishes special relationship with the existing subregional (now to be called, regional) economic groupings which would now act as executing instruments of Community programmes at the regional levels.

4. The Pan-African Treaty is remarkably significant and to a large extent different from the treaties establishing the existing regional economic groupings in terms of institutional and decision-making processes as well as approach and orientation. It is broad in scope in the number of articles, chapters and it incorporates all the major development sectors highlighted in the LPA and many other strictly non-economic aspects of cooperation. The Treaty reflects, most importantly, a holistic view of the concept of development which seeks to link factors of production with the non-economic factors - political, social, cultural, environmental and institutional. Moreover, the Abuja Treaty reflects the essential elements of a democratic framework or the importance of popular democracy in the development process as ingredients of sustainable development.

5. According to article 4 of the Pan-African Economic Community Treaty, the major objectives are:

(a) To promote economic, social and cultural development and integration of African economies in order to increase economic self-reliance and promote an endogenous and self-sustained development;

(b) To establish, on a continental scale, a framework for the development, mobilization and utilization of the human and material resources of Africa in order to achieve a self-reliant development;

(c) To promote cooperation in all fields of human endeavour in order to raise the standard of living of African peoples and maintain and enhance economic stability, foster close and peaceful relations among member States and contribute to the progress, development and the economic integration of the continent; and

(d) To coordinate and harmonize policies among existing and future economic communities in order to foster the gradual establishment of the Community.

6. These objectives eloquently enunciate the desire that the founding fathers of African independence have always had and which the LPA has reiterated. Worthy of note is the emphasis on integration of African economies; mobilization and utilization of human and material resources of Africa for this purpose; the need for peaceful relations between States which should enhance more meaningful interactions between them; and the imperative for the coordination and harmonization of socio-economic policies among existing and future economic communities in order to foster the gradual establishment of the Community.

7. The Treaty provides for the establishment of a Pan-African Parliament to ensure the involvement of the people in the development and integration process of the continent, i.e., a human-centred development which reflects the current preoccupation about the role of the people and the democratic imperative in the process of integration. The need for a Pan-African Parliament has been long felt and now fills a vacuum in the system of political decision-making for the implementation of economic integration projects. It provides the much-needed guarantee that measures taken by the Community authorities are in the interest of the PAEC and those of the member States. It also creates a forum through which interest groups can bridge "elite-mass" gap.

8. The decision-making process will make it less likely for delays and disinterestedness to mar the implementation of policies and programmes. Decisions shall be adopted by consensus or, alternatively, by a two-thirds majority of member States. The decisions of the Assembly and regulations of the Council are to become binding on both member States and subordinate organs of the Community, and these will automatically enter into force 30 days after the date of their signature by the Chairman of the Assembly or Council. In other words, a supra-national status has been accorded to the legislative organs of the Community, which are empowered to meet, on behalf of all, the major economic and political challenges which African States would otherwise be unable to tackle individually.

B. Production-focused approach of PAEC to integration

9. The approach pursued by most institutions does not seem to have been adapted to the African situation. Trade liberalization appears to be a popular approach to integration in Africa bought wholesale from the EEC example. But then EEC model cannot be applied to Africa because of different socio-economic factors which exist in Africa. This is because when the Treaty of Rome was signed Europeans had attained a very high production level and there even existed unused capacities which required only to be harnessed to meet the needs of a wider market. Furthermore, a dense network of good quality transport and communications facilitated the movement of goods and so removal of obstacles to trade had its full meanings.

10. This is not so in Africa where conditions are radically different, viz. deliberate fragmentation of regional markets by transnational corporations who tailored production units to the size of domestic markets and therefore made these production units incapable of generating exportable surpluses; high production costs because of tariffs and non-tariffs imposed on these production units, which would encourage trade diversion rather than trade creation; and woefully poor quality and inadequate transport and communications infrastructures which do not facilitate the movement of goods to marketing areas.

11. Also, external trade of African nations is oriented towards foreign markets, outside the continent, and offers few prospects for trade among neighbouring countries because manufactures are often similar. For example, rail and road ways were built to places for evacuation of exportable raw materials; air routes were connected directly to metropolitan cities and there was little regard for connection with neighbouring countries, as you have in Europe. There was no thought given to any specialization in production nor economies of scale since these conflicted with exploitation strategies of the transnational companies. A re-thinking of the approach and mechanism for implementation has therefore become an imperative.

12. Regrettably, no approach is free from disadvantages, be it global, multisectoral, sector-by-sector or project-by-project. And none can be most highly preferred to the others as African countries have applied one or the other with varying degrees of success. What will be required is a mix of all the approaches tailored to the African conditions with the ultimate objective of achieving regional integration based on self-sustaining development.

13. With the disappointing practical results of integration in Africa, the key problems facing African leaders are those of deciding what forms of economic integration are most likely to succeed and of how to design arrangements for the mutual benefit of all. Most of the treaties of the economic integration schemes in Africa have been based on the market integration approach, i.e., on similar traditional schemes inspired by the EEC example, and thus lay more emphasis on trade liberalization rather than production, despite the virtual non-existence of an industrial base in sub-Saharan Africa. Much valuable time has been spent on measures at liberalization of trade with little or no impact on the volume of intra-subregional or even inter-State official trade. The major reason why trade might not rapidly increase is the lack of very much to trade in, particularly once the unrecorded trade (smuggling) is totally ignored.

14. The Community Treaty has departed from the traditional approach, and based its approach on a certain number of key sectors with a great capacity for integration, notably agriculture, transport and communications, trade, money and finance. It adopts a production-focused approach and specifically calls for collaboration for the expansion and diversification of material production. This new approach emphasizes broadening the regional production base and gives priority to deliberate measures for increasing industrial and agricultural production in the framework of a variety of cooperative schemes and arrangements. However, the possibility of increases in mutual trade is a critical incentive to expansion of production, but it cannot be taken for granted that the desired expansion will automatically follow.

15. The Treaty breaks with the past and the present tendencies which looked at economic cooperation and integration only in the context of traded goods, which are not produced locally, and financial arrangements. The new Community aims at strengthening the capacity of African States to industrialise and strengthen agriculture and mining among other productive sectors of their economies so as to provide goods to be traded in a common market.

16. To achieve the required goals certain measures need to be taken to coordinate and harmonize activities of the regional economic groupings with those of the Community and this is the subject of the next section.

I. THE NEED FOR MEASURES TO INTEGRATE ACTIVITIES AMONG EXISTING ECONOMIC GROUPINGS

17. From observations, the various existing economic groupings have failed to match the hopes and aspirations expected of them at the time of their creation. A time has to come for the re-examination and appraisal of the different strategies applied within these economic groupings and to seek ways they could become more functional.

18. While the creation of some of these economic groupings actually pre-date the Lagos Plan of Action and the Final Act of Lagos of 1980, there is no doubt that both accords did give a new dynamism and renewal of purpose for sustainable development in Africa. It was, also, in recognition of the fact that the economic cooperation and integration process in Africa had not produced the required results and, hence, the necessity for a more coordinated, harmonized and rationalized package of strategies for the actualization of sustainable growth.

19. The discussion of specific reasons for failure of these economic groupings is not within the scope of this paper but suffice it to say that the political will of the countries in each of the subregions, the lack of resources to these economic groupings, institutional deficiencies caused, deliberately and inadvertently,

when creating the institutions, types of approaches to integration, non-involvement of socio-economic agents, and economic crisis situations, contributed, importantly, to the non-deliverance of expected results.

Harmonization and coordination as instruments of economic integration

20. The success of any effort at economic integration among States of an economic grouping will depend, to a large extent, on whether these countries really know what they need to achieve in such a consensual relationship, i.e., the goals and objectives of economic integration and are able to coordinate and harmonize their economic activities. While it has been said that the purpose of coming together of African States is to adopt strategies for sustainable development it is not known, quite clearly, if the political will remains long after the euphoria of the treaty signing ceremony is over or whether these States are convinced about the approach to be adopted for the achievement of the ultimate objective of economic liberation and self-sustained economic growth. A pragmatic and functional approach needs to be adopted in solving the economic development problems in Africa.

21. Harmonization of policies entails bringing into concert the different policies of member States in a subregion so that development does not take place in discordant forms. When dealing with States which have dissimilar levels of economic growth, it is necessary to harmonize their national economic policies. This is what the Abuja Treaty of the Pan-African Economic Community seeks to do. It is an important programme of political and economic integration aimed at creating common economic policies. To reach such a level of harmonization a strong political will is needed by member States.

22. Proper harmonization and coordination of policies would enable States to overcome the problem of ascertaining the scope for profitable specialization, the creation or strengthening of appropriate production structures, and the equitable distribution of benefits among member States. Fragmentation of policies, duplication of discordant programmes and dissipation of resources are the results of not harmonizing and coordinating policies and approaches to economic integration. However, it has been observed that only few States are really interested in economic integration and so do not have national structures which could facilitate harmonization and coordination of policies and programmes. These States are, at best, passive to measures in support of such measures.

23. Coordination, ideally, does entail monitoring of activities and providing direction. Each individual country, and also the regional economic community, needs to develop the capacity to monitor the implementation of activities already agreed upon. It is in the interest of member States and the economic community to play predetermined roles in the integration process. National governments should have the political will to agree to harmonize their policies with those of the regional economic groupings. They have to submit their policies to the coordinating role of the economic grouping, with its regional or subregional scope, if harmonization of policies is to be to the advantage of each member State. Harmonization provides a means to share the cost and benefits of economic development within a certain geographic space which will eventually lead to a homogeneous economic space. To achieve full harmonization and coordination of policies and activities States have to give up a measure of their sovereignty and submit to the supra-national supervision of an economic grouping.

24. Harmonization and coordination of activities enable an integrated approach to development; a multisectoral approach that takes into account inputs of one sector into another; they lead self-sustaining development; they encourage dynamism in the national and subregional economic system and create a greater scope for rationalization of activities; they entail the adoption of common policies and objectives, and quite obviously common approaches to economic integration rather than divergent ones, such as market or production integration.

25. The goals of economic integration should include the harmonization of the national economies, improving competitiveness among the production centres of the subregion and increasing productivity in each of the sectors. Thus, harmonization and coordination are instruments in the integration process which will lead to eventual rationalization of both institutions and activities within a subregion.

26. The principal economic goal of any nation is to produce a high and rising standard of living for its citizens. Sustained productivity growth requires that an economy continually upgrades itself, for example, by producing increasingly differentiated products and introducing rising levels of automation to boost output per worker. International trade allows a nation to raise its productivity by eliminating the need to produce all goods and services within each of the nations within the subregion. Nations can thereby specialize in those industries and sectors in which their firms are relatively more productive and import those products and services, where their firms are less productive, from other subregional production centres.

27. No nation can be competitive in (and be a net exporter of) everything. A nation's pool of human and other resources is necessarily limited. Competitive advantage grows fundamentally out of improvement, innovation, and change; it involves the entire value system, sustained only through relentless improvement. Sustaining this advantage ultimately requires a subregional and regional approach to this strategy of competitiveness.1/

II. MEASURES AIMED AT STRENGTHENING COORDINATION AND HARMONIZATION OF ACTIVITIES AMONG EXISTING ECONOMIC GROUPINGS

A. Institutional measures

28. In order to strengthen any policy aimed at harmonizing and coordinating the economic activities of regional economic groupings, there needs to be harmonized institutional structures within these subregional economic groupings with those of the regional or continental body that is supposed to coordinate them. There cannot be hope of implementing harmonized economic policies if the subregional structures are not in tune with the Community. They have to match in same steps so that coordination is quicker and easier to understand and carried out. It is, therefore, necessary to streamline these structures along the following lines:

1. Rationalization of IGOs within the subregional economic groupings

29. It is an acknowledged fact that in each of the subregional economic areas there are competing smaller economic groupings, with similar objectives. These other smaller economic groupings fight for the same resources and unnecessarily dissipate these resources and therefore do not work for the optimum utilization of what material and human resources are available. They compete for funds from either the same national governments or international development partners for similar projects.

30. This spreads the resources thinly among these economic groups and tests the political will of individual countries to support the policy and programmes of the main subregional groupings. Several other factors come into play in trying to disrupt the main subregional policies earlier agreed to. The location of the smaller economic groupings; the persons running the organization; the suitability or otherwise of the programmes being carried out by this organization to the individual States and the donor of funds required for certain projects, play some role in attuning the political will of individual States to the policies of the main subregional body.

31. For coordinated development to take place within any subregion there has to be the rationalization of the IGOs. This has to be a sine qua non. If the policies of several economic groupings cannot be rationalized within a geographical subregion, there will be no hope of having harmonized policies at the continental level since the subregional groupings will be implementing discordant policies making the coordinating effort at the regional level too difficult. The attainment of one economic space within each of the subregions is a necessary step towards sustainable growth.

1/ See M.E. Porter, an excerpt in the Dialogue from his book "Competitive Advantage of Nations" (The Free Press - Macmillan Inc., 1990) for further discussion on why firms gain competitive advantage, increase productivity and specialize.

32. Each of the smaller economic groupings could be a specialized economic development agency which should implement programmes already agreed upon earlier by the main subregional groupings. In such a case the former secretariats of these smaller groupings would become arms of the main one with the control coming from the centre and staff being liable to transfer between each of the agencies and headquarters depending on their abilities and need. This measure would attenuate the tendency for subregional States to have divided loyalties and commitment and strengthen their resolve to the integration process within each subregion.

33. Rationalization of these institutions would yield considerable savings in funding and time management, optimum utilization of human resources once the policies are now harmonized and bring about better understanding between member States. The effectiveness of the main subregional economic groupings would be enhanced because there will no longer be the fragmentation, duplication and dissipation of policies and resources. The specialized NGOs, in such an atmosphere, would be more willing to contribute to the regional effort at economic integration than ever before since there will now be only one body to harmonize their policies with.

34. The West African subregion is in dire need for rationalization of its IGOs which number over 100. Proposals for rationalization of IGOs in West Africa had been made since 1987 but it was not until 1990 that a decision was taken by the Authority of ECOWAS "that there shall be a single economic Community in West Africa for the purpose of inter-regional integration and the eventual establishment of the African Economic Community envisaged in the Lagos Plan of Action". A resolution entitled "Rationalization of institutional arrangements for economic integration in West Africa" adopted by the Authority of ECOWAS in Banjul, the Gambia, on 30 May 1990 called on every member State to adopt and implement all necessary measures to strengthen and consolidate ECOWAS with the aim of making it the sole economic community in West Africa. The Executive Secretary of ECOWAS was then directed to prepare a flexible and pragmatic scheme of rationalization of integration efforts in the subregion, including practical modalities and a time-table for implementation.

35. Nothing appears to have been done to implement this decision, with the result that the other IGOs are still continuing their business as usual. It will take more than a resolution of the Authority of ECOWAS to implement that decision. A resolution is just a recommendation and it is not binding on member States. Even when a protocol or convention is signed to signal the death of other IGOs, the political will of member States to implement a scheme of rationalization will still have to be emboldened. Perhaps the authorities of other IGOs need that political will to put their subregional bodies to death to avoid conflicting interests.

36. The PTA of Eastern and Southern African States, at the tenth meeting of the authority, held in Lusaka, Zambia, on 30 and 31 January 1992 adopted a resolution that PTA and SADCC should be merged into a single common market for Eastern and Southern Africa, within the context of the Abuja Treaty for the African Economic Community.

37. Again another rationalization has been called for; it will remain to be seen if the political will for this union will be sustainable in view of the pressure that might be brought on SADCC and other States by a post-apartheid South Africa.

38. The fact, however, that these two major subregional institutions, which encompass nearly all the countries in their subregions, have called for rationalization of IGOs in their subregions signified the necessity to harness the available limited resources for the optimum benefit of the subregions and ultimately for Africa.

2. Institutional and structural harmonization of subregional groupings with the Pan-African Economic Community

39. If there is going to be effective harmonization and coordination of activities among the economic groupings, there have to be similarities of structures between the subregional groupings and the Community

on the one hand, and between the subregional groupings among themselves, on the other hand. This will facilitate implementation of decisions and consultations both vertically and horizontally.

40. Thus, this will entail the realignment of the organs of the subregional economic groupings with those of the Community which will include having subregional Parliaments, Economic and Social Commissions, Courts of Justice and specialized technical committees. Without a review of the treaties establishing the economic groupings, there will be confusion from the start in each of the economic groupings in that they will draw powers from their treaties to disregard, intentionally or otherwise, the coordinating role of the Pan-African Economic Community. A review of the treaties along the following lines will be useful:

(a) Decision-making procedures: The rule of unanimity in decision-making tend to be played upon by those countries who have little or no commitment to the ultimate objectives of the subregional or regional groupings in that they introduce extraneous elements into the process in order to slow it down. And when eventually a decision is reached, it is so watered down that it is of no consequence in relation to the overall objectives. That is why an amendment calling for unanimity in certain matters and two-third majority in others should be introduced;

(b) Decision to be immediately binding on all: Usually decisions taken by authorities or council of ministers are hardly binding on them but on subordinate organs or institutions. This is a collective responsibility and a decision taken should be immediately binding on those who take the decisions and to the subordinate bodies. This is the only way that the subordinate organs can be sure that work carried on, in the interest of the economic groupings, will be in consonance with the decisions of the higher organs and not work at cross purposes;

(c) Financing regional cooperation: With about 200 subregional and regional institutions (IGOs and NGOs) promoting cooperation in Africa there is bound to be the drying up of resources to finance these institutions. While it shows a commitment to cooperation, such a large number of organisations has led to duplication of responsibilities and financial obligations to member States. Rationalization of these organizations should be done to free a lot of resources for regional cooperation programmes. New ways should be devised for collecting assessed contributions so that the secretariats do not depend on the whims and caprices of unwilling members. In other words, there should be a high measure of self-financing mechanism for the institutions so as to avoid financial difficulties to them and to reduce over-dependence on external funding, even for operational costs of the institutions. In this connection the European Community means of raising funds by some form of specific taxation should be examined. The European example may not be taken, in toto, but a variant adapted to the African condition could be examined for this purpose;

(d) Popular participation in the process of regional integration: It needs to be recognized that the participation of the economic, political and cultural agents augurs well for the acceptance of the objectives of economic integration. The economic groupings should not be seen as creations of bureaucrats who stand to gain from them only. If the social welfare benefits are going to accrue from such cooperation then the opinions of these social agents - trade unions, women and student organizations, professional groups, chambers of commerce, political parties and the private sector entrepreneurs should be encouraged and represented in a subregional body - a Parliament. In this way the objectives will be filtered down to those who are likely to bear the initial pains of the integration process and the perceived gains thereafter and the opinions of the broad-mass taken up and distillated in the parliament;

(e) Conflict resolution mechanism: There must be an enabling environment - political, economic and cultural. There is unlikely to be progress towards economic integration within a subregional grouping if there are political and economic hindrances between the partners. There has to be some guarantee of external security and domestic stability. These combined together will make the mobilization of the economic and social agents towards a common regional goal possible. A regional Court of Justice, whose decisions are final, to arbitrate in disputes arising from cooperation and democratization of the political and economic structures in the member States, will also help.

3. Creation of national integration structures

41. The willingness of member States to support rationalization of IGOs at the subregional level will be enhanced if national integration structures are in place to support such an effort. In spite of the long years that member States have participated in subregional economic cooperation, only few countries have a well-structured national apparatus for monitoring and coordinating their involvement in the different IGOs. Because of this there is a poor record of implementation of the acts and decisions of the IGOs.

42. There is the imperative for member States to establish such structures that will enable coordination with the main subregional economic groupings. At the moment, different countries have different structures dealing with economic cooperation and in some countries there are two or more institutions or structures and, at times, without any effective coordination among themselves. It is, therefore, difficult to know what counterpart structure to deal with, even with a neighbouring country. Establishing national integration structures in each country will make for better coordination among member States and would facilitate implementation of decisions; it will, also, make for quicker consultations. Arguably, this will lead to easier consultation and harmonization of policies at the subregional level.

4. Harmonisation of the scope, goals and objectives of the Pan-African Economic Community and the existing economic groupings

43. For more than one organization to work together in harmony among themselves there has to be a congruence of scope and objectives. Where there is none, effort has to be made to harmonize these areas so as to facilitate concertation.

44. At the moment, the scope of activities and objectives differ from one economic grouping to the other. Some place more emphasize on trade while others place more emphasis on sectoral development, and yet, others emphasise integrated production or customs union. It has to be realized that such discordant approaches to economic cooperation and integration will not be in the best interest of either the subregional economic groupings or the Community.

45. A framework for the development, mobilization and utilization of the human and material resources, on a continental scale, should be jointly established between the existing and future economic groupings and the Community. This is to ensure harmonization and rationalization of activities which will promote cooperation particularly in the fields of agriculture, industry, transport and communications, energy, trade, money and finance and science and technology. More interestingly, a production-focused approach that integrates all the major sectors, as espoused by the PAEC Treaty, will appear to be what is needed by the economic groupings. Market integration or customs union or monetary integration would not be meaningful if production of goods, on an integrated basis, is not given emphasis. In fact, it is the lack of emphasis on integrated production that has been a contributory factor to the failure of the existing economic groupings to achieve their objectives. The economic groupings should reflect the ideals, scope and objectives of the LPA as the Community has tried to do.

5. Formalized relations between the Community and existing economic groupings

46. The establishment and strengthening of formal and institutional consultative and working machinery at vertical level, between the Community and regional economic groupings, and at horizontal level, between the regional economic groupings themselves, should be actively encouraged. In order to give this measure a boost administrative arrangements could be made both at the OAU and at the level of the secretariats of the regional economic groupings to set up desk offices for inter-regional integration and community matters, respectively. This should help to strengthen the institutional links between the Community and the regional economic groupings and so smoothen efforts at coordination and harmonization. The desk officers could be named delegates to the Pan-African Economic Community and the regional economic groupings, respectively.

47. Also, apart from attending the meetings of the executive heads of OAU/ECA/ADB, held twice a year, there should be inter-secretariat conferences between the regional economic groupings as a means or mechanism for horizontal consultation and coordination of policies among heads of the regional economic groupings. The exchange of information and experiences at these conferences could lead to the formulation and implementation of joint projects and coordination of activities; the conclusion of operational arrangements for cooperation and the probable formation of consultative committee on coordination which would carry out cooperation and integration activities in the priority areas of agriculture, trade, industry, energy and transport and communications.

48. Moreover, the regional economic groupings should be made to carry out their activities within the framework of policy, guidelines, directives and decisions of the Assembly of Heads of State and Government, regulations of the Council of Ministers, and Economic and Social Commission (ECOSOC). Sanctions should be worked out to be applied against the regional economic groupings which deliberately, that is, without written justification, violate decisions from those organs. Participation of the regional economic groupings' executive heads at Council of Ministers and the Economic and Social Commission meetings should be encouraged for the purpose of technical support.

49. Exchange of studies and experts should also be formalized. When studies are concluded they should, as a matter of routine, be circulated to other economic groups or to the Pan-African Economic Community for information. This is to enhance free flow of information regarding such studies and where contributions from other regional groupings are necessary they would serve to further enrich such studies. For some other economic groupings trying to carry out similar studies, duplication and dissipation of resources may have been avoided.

50. In the case of experts these could be exchanged as and when they are deemed needed instead of looking beyond the economic groupings for such experts as may be available in Africa. This cooperation among experts would eventually strengthen cooperation among economic groupings and so contribute to harmonization and rationalization of activities. For example, a transport economist in ECOWAS could be utilized from time to time by ECCAS, if his skills are needed and vice-versa.

6. Multisectoral level cooperation between the economic groupings and between them and the Community

51. Programmes and projects harmonization and compatibility in each of the sectors among the regional economic groupings and with the Community would greatly improve the rate at which their formulation and implementation are executed. Cooperation at this level would help to remove a lot of technical problems usually evident during negotiations at conferences and during implementation of decisions. The same process of consultations should be replicated within member States of each of the economic groupings.

B. Multisectoral measures

52. The major purpose for harmonizing and coordinating the activities of economic groupings is to have a homogenous economic space that would promote integrated development. Because of this, priority should be given to integrated multisectoral projects with provision for linkages among themselves. There has to be harmony between national and subregional sectoral policies so as to bring development into functional focus. National policies would, therefore, be relegated in favour of the integration of policy and consonance of effort. It means that national loyalty should not be more important than subregional/regional goals so as not to introduce "subjective" versus "objective" contention.

53. The institutional measures suggested earlier would serve to provide an enabling environment for cooperation in multisectoral policies. This would enhance the formulation of common policies and master plans in each of the sectors within each regional grouping and these could facilitate the creation of common continental policies for the sectors.

1. Development of Common Policies

54. A common policy is that which has taken into consideration various opinions related to a particular sector and a general consensus reached by all concerned as to how various aspects of the policy would be harmonized and coordinated. A common sectoral policy needs to be drawn out at each of the economic groupings which should make provisions not only for linkages within the region but also with the adjacent regions because the eventual aim is to have an integrated African economic space. The drawing up of common policies in each of the sectors would also promote rationalization of the activities among existing economic groupings and the establishment of such institutions as deemed necessary for this purpose. As a consequence, subsectoral master plans for each of the regions could easily be drawn in each of the sectors and provisions made for their interconnection.

55. The development of regional and continental sectoral common policies and master plans should therefore be given priority and accomplished within five years after the institutional reforms have taken place. Or, in fact, they could run earlier in the regions where such reforms have been accomplished ahead of schedule.

2. Sectoral policy issues and measures

56. The promotion of multisectoral and intersectoral linkages at subregional and continental levels should be a major objective in coordinating and harmonizing activities among the existing economic groupings. There should be a functional relationship between the Pan-African Economic Community, regional and subregional economic communities, multisectoral development organizations and the specialized technical agencies. This major function of coordination and harmonization would be within the purview of the Economic and Social Commission of the PAEC which has been mandated in Article 16 of the Treaty of the Pan-African Economic Community to:

(a) "Prepare in accordance with the Lagos Plan of Action and the Final Act of Lagos programmes, policies and strategies for cooperation in the fields of economic and social development among African countries on the one hand, and between Africa and the international community on the other, and make appropriate recommendations to the Assembly, through the Council;

(b) "Coordinate, harmonize, supervize and follow-up the economic, social, cultural, scientific and technical activities of the secretariat, of the communities and any other subsidiary body; and

(c) "Make recommendations to the Assembly, through the Council, with a view of coordinating and harmonizing the activities of the different regional economic communities".

57. Having a common policy presupposes that divergent approaches to integration by economic groupings have to be harmonized and coordinated so as to have a common integration objective. This will serve to hasten the pace of the building of the Pan-African Economic Community. It envisages that the programmes and activities should be harmonized in terms of realistic, workable and time-sequenced objectives. Harmonization, also, entails developing closer working relationship among economic groupings in order to share views, experiences, successes, difficulties and consultation with one another as and when necessary. This sharing of information would enable subregional economic groupings to share programmes and activities within the subregion and develop fruitful relationship among adjacent economic groupings. This will reduce cost and avoid duplication of activities.

58. With this in mind, the economic groupings should be able to harmonize and coordinate their activities. It is expected that the measures should start in tandem with the formulation of common sectoral policies but should spread over immediate-, medium- and long-term activities and programmes leading to the eventual establishment of an African Economic Community as envisaged in the Abuja Treaty. Priority should be given to such sectors as agriculture, industry, transport and communications, energy, trade, money and finance. The following policy guidelines and measures are suggested:

(a) Transport and communications

59. The strengthening of subregional economic communities and specialized African IGOs in conceptualization, design and execution of rational transport and communications development, policies and projects during the second United Nations Transport and Communications Decade in Africa (UNTACDA) should aid the process of infrastructural development in each subregion and eventually in Africa. The establishment of an integrated transport and communication system in Africa as a basis for the physical integration of the continent should help to improve the efficiency of national and international traffic and foster cooperation among African countries in order to achieve self-sustained economic development in accordance with the LPA. Planned activities in this area should aim at rationalization of air transport routing systems; development of coastal shipping; completion of inter-country road networks; and upgrading and extension of rail transport system.

Measures: The integration of transport and communication infrastructures; encouragement of the use of local material and human resources; standardization of networks and equipment, research and popularization of infrastructural construction techniques as well as adapted equipment and materials; the creation of regional industries for the production of transport and communication equipment.

(b) Agriculture

60. Policy in this area should ensure the total development of agriculture, including forestry, livestock and fisheries; the enhancement of production and productivity in these areas and should take into consideration the improvement of the working conditions and the provision of employment opportunities in the rural areas.

Measures: Food self-sufficiency, increased production and productivity in agriculture, livestock, fisheries, forestry and processing of these products. But these should be preceded by the production of agricultural inputs, fertilizers, pesticides, selected seeds, agricultural machinery and equipment, veterinary products, the development of river and lake basins and the development and protection of marine and fishery resources, reduction of losses in food production, plant and animal protection;

Food security: Adoption and implementation of Community food security plans for the same subregion and between the subregions so that those with food surplus can supply others with food deficit rather than depend on food donors from abroad.

(c) Integrated industrialization

61. The recent Conference of African Ministers of Industry in July 1991 in Dakar, Senegal, adopted the programme of the second Industrial Development Decade for Africa, 1991-2000 and also a Declaration on Industrialization and Economic Integration in Africa.2/ Both documents have stressed the indispensability of industrialization to the economic integration process in Africa and have called for a well-integrated industrial base at national, subregional and regional levels so as to ensure maximum vertical and horizontal linkages of the industrial structures; rationalization and harmonization of existing production capacities in each industrial subsector and the restructuring of the industrial sector to promote the goals of an independent, integrated and self-sustaining national economy, with forward and backward linkages within and between sectors, especially between agriculture and industry. With this programme in mind, the first major task for the communities should be:

(a) Rehabilitation of key community enterprises and liberalization of trade pertaining to their products within the community. African countries still import basic and capital items from outside the

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2/ See E/ECA/CM.18/12

continent because they are unaware of the availability of such products as fertilizers, iron and steel, cement, etc., in other African States. If the industrial plants are rehabilitated and are aware of larger African markets, they could open new production lines and subsequently decrease production costs due to economies of scale;

(b) Harnessing indigenous scientific capability and adapting imported technology - Africa cannot continue to depend on imported technology all the time but should be prepared to develop appropriate technology suitable to Africa or adapt imported technology so as to reduce Africa's dependency on inappropriate technology; and

(c) Lay the foundation of new industries based on national resources and increased processing of local raw materials and ensure and encourage greater involvement of the private sector in the industrialization process.

Measures: The Dakar Declaration on Industrialization and Economic Integration in Africa contains comprehensive measures to be taken to improve industrial output within and among the economic groupings.

The strengthening of the industrial base of each of the regional communities in order to modernize the priority sectors, foster self-sustained and self-reliant development, promote joint industrial development projects within and between the regional communities, as well as the creation of African multinational enterprises in the priority industrial subsectors likely to contribute to the development of agriculture, transport and communications, natural resources and energy.

(d) Energy rationalization

62. In the area of energy, the rationalization and distribution of energy from energy surplus areas to energy- deficit areas by means of interconnecting electricity grids should be given a priority. Countries within each subregion should carry out feasibility studies on the possibility of jointly developing the hydro-electric power potential of each subregion and its effective mobilization through a network of grids and interconnections to serve the needs of the subregions. This is because an adequate supply of energy is a basic condition for sound and sustainable development, particularly industrial development.

63. The development of subregional infrastructure is, therefore, necessary for individual national economies of member States to participate efficiently in a subregional production and distribution. The development of subregional economic space would enable resource endowments of member States to be exploited more rationally and profitably, regardless of where they are located and would ensure that there are no wide disparities in the distribution cost of subregional products.

Measures: The articulation of common energy policy, particularly, in the field of research, exploitation, production and distribution and the promotion of the development of new and renewable energy resources in the framework of the policy of diversification of sources of energy.

(e) Monetary and finance cooperation

64. Urgent financial cooperation between African countries needs to be tackled in order to overcome the problem of non-convertibility of most African currencies. This has been a great hindrance to trade among African countries who instead prefer to deal with advanced economies who have the credit facilities but in so doing accumulate heavy trade deficits in convertible currencies. The only two convertible African currencies, the CFA and the South African Rand, could be a beginning in those subregions although the structural adjustment programmes in most African countries have as their ultimate aim the convertibility of local currencies but which has not happened in any of them.

Measures: The harmonization of monetary, financial and payments policies will boost intra-community trade in goods and services in that they will use their national currencies in the settlement of commercial and financial transactions in order to reduce the use of external currencies in such transactions; would encourage the establishment of appropriate mechanisms for setting up multilateral payments systems; open regular consultations among the economic groupings on monetary and financial matters; encourage the creation of national, subregional and regional money markets, through the coordinated establishment of stock exchanges.

(f) Trade

65. Intra-African trade is at a very low level, estimated generally to be about 5-6 per cent although these figures may not reflect the exact volume and value of trade activities among African countries insofar as they relate only to recorded trade. Even when these figures were adjusted to include the unrecorded volume, intra-African trade may barely exceed 10-12 per cent. The volume of trade is unlikely to increase unless the fragmented production capacities are substantially improved and harmonized. Therefore, increased productivity and production will be an incentive to trade in Africa and not vice-versa.

Measures: Improvement of a variety of trade-related facilities such as transport, communications, payments arrangements are keys to enhanced intra-African trade. At the same time, there is need for African countries to deliberately seek and promote trade opportunities among themselves. Some products such as meat, cocoa, sugar, oil, etc., can be readily obtained from one African country rather than importing them from outside Africa. The process of seeking trade opportunities should be complemented by certain joint production centres.

Common policies that should lead to the establishment of an African customs union, elimination of tariff and non-tariff barriers to intra-community trade; establishment of a common external customs tariff, system of intra-community trade, establishment of most-favoured-nation treatment between African countries and trade promotion between intra-community, South-South trade and North-South trade. ECA's "Strategies for revitalization, recovery and growth of Africa's trade in the 1990s and beyond" which has been adopted by African Ministers or Trade could be used as a working paper for action in this sector, too.

III. CONCLUSION

66. The time for the reappraisal of developmental strategies in terms of regional economic cooperation and integration has now come with the signing of the Treaty of African Economic Community. This has become an imperative because of the failure of existing economic groupings to live up to the expectations for their creation within their subregions.

67. With the scarce resources available - human, financial and material - measures need to be devised for maximum utilization of these resources. Cooperation among, rather than only within, existing economic groupings need to be strengthened through the harmonization, coordination and rationalization of their activities so as to promote economic, social and cultural development and the integration of African economies. This central coordination presupposes that such activities must necessarily have taken place at the subregional level giving rise to a greater consciousness and need for better integration.

68. Donor-fatigue is fast drying up sources of external finance and that should necessarily embolden African nations to look inwards for mobilization of funds. There has to be created within African States an enabling environment that makes the measures hitherto mentioned in this paper possible because the continent's survival is going to hinge on cooperation and integration of economic and social activities rather than dissipation of resources and on external dependency.